

THE TORONTO STOCK EXCHANGE

24/7/68

FILING STATEMENT NO. 1629.

FILED, JULY 24th, 1968.

DELTA ELECTRONICS LIMITED

Full corporate name of Company

Incorporated under the laws of the Province of Ontario by
Letters Patent dated the 23rd day of January, 1958

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953
(Ontario) by Letters Patent dated May 1st, 1957).

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things,
an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.

1. Change in control of the Company resulting from the sale of 130,000 shares (See Schedule "A" and "B" on pages 3, 4, and 5.)
2. Change in officers and directors of the Company (see item 3);
3. Cancellation of management contract of Sydney Wellum and retention of Mr. Wellum as a consultant for two years (see item 20); (See paragraph 8 in Schedule "A".)
4. The granting of an option to purchase the shares of the subsidiary, K. W. Electronics Limited (see item 19);
5. Proposed share exchange offer (see paragraph 11 of Schedule "B").

2. Head office address and any other office address.

70 Ronson Drive, Rexdale, Ontario.

3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.

President and a Director	Sydney Walter Wellum, Executive	1092 Argyle Drive, Oakville, Ontario
Vice-President and a Director	Rowland G. Shears, Executive	3 Windmill Park, Wrothan Heath, Seven Oaks, Kent, England
Secretary-Treasurer and a Director	Ronald E. G. Wilson, Accountant	3 Marblehead Road, Weston, Ontario
Director	James P. Manley, Queen's Counsel	25 Country Lane, Willowdale, Ontario
Director	Joseph Donald Parker, Executive	25 Luctons Avenue, Buckhurst Hill, Essex County, England

Upon the consummation of the offer to purchase referred to in item 20 hereof, Messrs. James P. Manley, Q.C., Joseph Donald Parker and Rowland G. Shears will resign and be replaced by John E. Conner, 285 Lorraine Avenue, Rosemere, Quebec, F. J. Looker, 57 Kendleton Drive, Rexdale, Ontario and J. Douglas Duncan, 160 Beaconsfield Boulevard, Beaconsfield, Quebec, and the new officers will be as follows:

President	John E. Conner
Vice-President	F. J. Looker

4. Share capitalization showing authorized and issued and outstanding capital.

Authorized: 3,000 5% non-cumulative non-voting redeemable preference shares, par value \$10, of which 2,120 were issued and redeemed, leaving 880 shares unissued;
1,000,000 common shares, no par value
Issued: 518,370 common shares, no par value

5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	Nil										
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	8,000 shares held under option pursuant to the Company's Employees' Incentive Stock Option Plan.										
7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	Not applicable.										
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	Not applicable.										
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	<p>The Company is engaged in the manufacture and sale of electronic equipment, specializing in equipment for the distribution of television signals.</p> <p>If the purchase and sale referred to in item 20 is consummated and changes in the Board of Directors are effected, the signatories hereto advise that the Company will continue on its present operations. (See paragraph 10 in Schedule "B".)</p>										
10. Brief statement of company's chief development work during past year.	During the past year the Company sold its share interest in Lackawanna Cablevision Inc.										
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	Not applicable										
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	Not applicable.										
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	None										
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	Not applicable.										
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<table> <tr> <td>Sydney Wellum, 1092 Argyle Drive, Oakville, Ont.</td> <td>130,501 shares*</td> </tr> <tr> <td>E. H. Pooler & Co. Limited, 302 Bay Street, Toronto, Ontario</td> <td>43,885 shares</td> </tr> <tr> <td>Grant, Johnston & Co. Limited, Suite 1734, 1 Place Ville Marie, Montreal, Que.</td> <td>40,950 shares</td> </tr> <tr> <td>F. Maxwell Whyte, Manager in Trust, c/o Toronto-Dominion Bank, 1400 Kipling Avenue, Rexdale, Ontario</td> <td>25,375 shares</td> </tr> <tr> <td>Morgan, Ostiguy & Hugon, 500 St. James Street West, Montreal, Quebec.</td> <td>14,775 shares</td> </tr> </table> <p>*Sydney Wellum is the beneficial owner of 130,501, of which 102,126 shares are registered in his name and the balance are in street certificates.</p> <p>The beneficial ownership of the shares registered in the other four names is unknown.</p>	Sydney Wellum, 1092 Argyle Drive, Oakville, Ont.	130,501 shares*	E. H. Pooler & Co. Limited, 302 Bay Street, Toronto, Ontario	43,885 shares	Grant, Johnston & Co. Limited, Suite 1734, 1 Place Ville Marie, Montreal, Que.	40,950 shares	F. Maxwell Whyte, Manager in Trust, c/o Toronto-Dominion Bank, 1400 Kipling Avenue, Rexdale, Ontario	25,375 shares	Morgan, Ostiguy & Hugon, 500 St. James Street West, Montreal, Quebec.	14,775 shares
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Morgan, Ostiguy & Hugon, 500 St. James Street West, Montreal, Quebec.	14,775 shares										

SCHEDULE "A"

Tronics Limited, incorporated under the laws of the Province of Ontario, and a wholly-owned subsidiary of International Systcoms Limited, a company incorporated under the laws of Canada, made an offer to Sydney Wellum, the President of the Company, to purchase 130,000 shares in the capital stock of the Company owned by the said Sydney Wellum at the price of \$5.00 per share, for an aggregate consideration of \$650,000. This offer was accepted. The offer is subject to the following conditions:

1. That the issued capital stock of the Company at the date of closing is 518,370 shares and 8,000 shares held under option pursuant to Delta's Employees' Incentive Stock Option Plan;
2. that at the time of closing the business of the Company will have been carried on in the usual course and that there will not have been any material changes in the affairs of the Company, financially or otherwise;
3. that a filing statement of the Company disclosing such sale be accepted for filing by the Toronto Stock Exchange;
4. that a filing statement of the Company disclosing such sale be accepted for filing by the Canadian Stock Exchange;
5. that a ruling be obtained from the Ontario Securities Commission under Section 59 of The Securities Act, 1966 (Ontario) that the sale of the said shares is not a sale in primary distribution;
6. that a ruling be obtained from the Quebec Securities Commission that the sale of the said shares is not subject to Section 50 of the Quebec Securities Act or, in the alternative, if the Quebec Securities Commission decides that the trade comes within the provisions of Section 50, an exemption from registration be granted for this sale;
7. The accepted offer further provides that the close of the transaction will take place on the third business day following the latest of the following dates:
 - (a) the date of the acceptance of the filing statement by the Toronto Stock Exchange;
 - (b) the date of the acceptance of the filing statement by the Canadian Stock Exchange;
 - (c) the date of a favourable ruling from the Ontario Securities Commission;
 - (d) the date of a favourable ruling or exemption from the Quebec Securities Commission.

Notwithstanding anything contained in the offer, if the time of closing is not prior to August 1st, 1968, or such later date as is agreeable to the Purchaser and Vendor, the agreement shall automatically become null and void and of no effect.

8. Within two months from the date of the closing of the transaction, the management contract between the Company and Sydney Wellum will be cancelled and Sydney Wellum will be retained as a consultant for two years at an annual salary of \$5,000, together with a payment of \$100.00 per day for each day actively engaged. In addition, Mr. Wellum will have the use of the motor vehicle which he is presently using.

SCHEDULE "B"

The following information with respect to International Systcoms Limited and its officers and directors has been furnished in a letter dated July 16th, 1968, addressed to The Toronto Stock Exchange and signed by John E. Conner and F. J. Looker, the President and Executive Vice-President, respectively, of International Systcoms Limited:

1. The Head Office address of the Company is 4900 Fisher Street, St. Laurent, Quebec.
2. The Company was incorporated by Letters Patent of Canada dated the 19th day of December, 1958.
3. The Company has engaged in business since its incorporation and has been under the control of the present management since 1962.
4. The Company produces radio telephone products for use by major telephone companies in Canada, by Federal, provincial and municipal governments and agencies and by commercial and industrial users. An older series of mobile telephone sets, the Commander Series, is partially transistorized. The newer series, known as the Centur Series, is all transistorized and uses 100 solid state circuitry. The Company estimates that it sells about 10-15% of the mobile telephone equipment in Canada, which market is estimated to be \$10 million. The Company has developed a portable brief case telephone set which has interesting market possibilities.
5. The Company has the following wholly-owned operating subsidiaries:
 - (a) Systcoms, Inc.
 - (b) R. H. Nichols Co. Limited
 - (c) Progress Balance and Control Limited
 - (d) Ferritronics Limited
 - (e) Hospital Monitoring Systems Limited

Each of the subsidiaries engages in a high technology industry related to the industry carried on by the Company. In addition to the foregoing, Tronics Limited is a wholly-owned subsidiary of the Company.

6. The names, addresses of the officers and directors of the Company and the number of shares of the Company and of Delta Electronics Limited owned by each are as follows:

<u>Names and Addresses</u>	<u>Position</u>	<u>No. of Shares of Company owned</u>	<u>No. of Shares of Delta owned</u>
John E. Conner 285 Lorraine Avenue Rosemere, Quebec	President and Director	104,866 plus 10,000 owned by members of his family	82,100
Edward R. Alexander, Jr. 632 Lansdowne Avenue Montreal, Quebec	Director	500	-
John W. Dobson 1321 Sherbrooke St. W. Montreal 25, Quebec	Director	55,700	2,500
Chester L. Huston 123 Brock Avenue North Montreal West, Quebec	Director	6,000	-

SCHEDULE "B" CON'T

<u>Names and Addresses</u>	<u>Position</u>	<u>No. of Shares of Company owned</u>	<u>No. of Shares of Delta owned</u>
Frederick J. Looker 57 Kendleton Drive Rexdale, Ontario	Executive Vice-President and Director	21,475	-
Michael P. Pick 8 Rolland Road, Toronto 17, Ontario	Director	1	-

(Mr. Pick is the nominee of Charterhouse Canada Limited on the board of directors of the Company. Charterhouse Canada Limited owns 51,709 common shares of the Company.)

Ian H. Rutherford R. R. No. 1, Hudson, Quebec	Vice- President	9,100	3,000
J. Douglas Duncan 160 Beaconsfield Blvd. Beaconsfield, Quebec	Vice- President	250	-
Ward J. Truess 3775 Beaumont Street Ville de Brossard, Quebec	Secretary- Treasurer	325	-

7. The principal occupation for the last five years for the following officers and directors of the Company are as follows:

John E. Conner - 1962 - 1968 - President, International Systcoms Limited;

Edward R. Alexander, Jr. - 1968 - Assistant to President, Timmins Investment Limited; 1962 - 1968 - Investment Officer, Charterhouse Canada Limited;

John W. Dobson - 1962 - 1968 - Investment Counsellor and President, Formula Growth Limited;

Chester L. Huston - 1954 - 1968 - Sales Engineer, Shawinigan Chemicals Limited;

Frederick J. Looker - 1961 - 1968 - Executive Vice-President, International Systcoms Limited;

Michael P. Pike - 1967 - 1968 - Investment Officer, Charterhouse Canada Limited; 1965 - 1967 - Money Market Specialist, Nesbitt Thomson & Co. Limited; 1965 and prior - student;

Ian H. Rutherford - 1967 - 1968 - Vice-President, International Systcoms Limited; 1964 - 1967 - Vice-President and General Manager, Haley Industries Limited; 1959 - 1964 - Development Manager, Automatic Sprinkler Limited;

J. Douglas Duncan - 1967 - 1968 - Vice-President, International Systcoms Limited; 1963 - 1967 - Partner, Weir, Duncan & Company, Chartered Accountants;

Ward J. Truess - 1967 - 1968 - Secretary-Treasurer, International Systcoms Limited; 1964 - 1967 - Production Manager, Reader's Digest; 1961 - 1964 - Assistant Plant Manager, Samson Matthews Press.

8. The directors of the Company voting as a group together with proxies given in favour of management effectively control the Company.

9. The Company and its subsidiaries presently have approximately 328 employees.

10. Upon the completion of the purchase by Tronics Limited of 130,000 common shares of Delta Electronics Limited from Sydney W. Wellum, the Company proposes that Delta Electronics Limited will continue to carry on the business in which it is presently engaged without any substantial variation or modification. Delta Electronics Limited is a high technology company very well suited for inclusion in the Systcoms group of companies from which association all members of the group derive benefits in research, development and other related matters.

11. Upon the completion of the purchase of 130,000 shares of Delta Electronics Limited from Sydney W. Wellum and subject to the approval of the regulatory bodies having jurisdiction, the Company intends to make a share exchange offer to the shareholders of Delta Electronics Limited on the basis of one share of International Systcoms Limited for each three-and-a-half shares of Delta Electronics Limited.

FINANCIAL STATEMENTS

DELTA ELECTRONICS LIMITED

CONSOLIDATED BALANCE SHEET AS AT APRIL 30, 1968

ASSETS		LIABILITIES	
	1968	1967	
CURRENT ASSETS			
Cash	\$ 24,926	120,218	\$ 153,079
Short-term investments, at cost and approximate market value	148,595	74,805	178,840
Accounts receivable	404,132	324,889	144,440
Inventories, at cost	508,226	421,878	158,519
Advances and prepaid expenses	2,446	6,158	972
Investment in non-consolidated subsidiary, at cost	-	45,543	312,570
	<u>1,088,325</u>	<u>993,491</u>	<u>324,252</u>
FIXED ASSETS (Note 2)			
Plant and equipment	346,292	332,186	17,496
Accumulated depreciation	<u>113,080</u>	<u>83,066</u>	<u>297,000</u>
	<u>233,212</u>	<u>249,120</u>	<u>314,496</u>
OTHER ASSETS			
Value of leases, less amortization (Note 3)	9,923	10,584	19,777
Financing expenses, at amortized cost	<u>9,923</u>	<u>16,045</u>	<u>21,850</u>
	92,035	92,035	
EXCESS OF COST OF SHARES IN WHOLLY-OWNED SUBSIDIARY OVER THE NET BOOK VALUE THEREOF LESS AMORTIZATION (Note 4)			
			518,508
			217,513
			26,651
			445,929
			<u>690,093</u>
			\$ 1,423,495
			1,350,691

Signed on behalf of the Board:

~~Artistic Director.~~

Edw. W. Clapp. . . Director.

DELTA ELECTRONICS LIMITED
CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED APRIL 30, 1968

	<u>1968</u>	<u>1967</u>
SALES	\$ 1,923,396	1,764,452
Cost of Sales (Note 7)	<u>1,284,221</u>	<u>1,186,934</u>
GROSS PROFIT	639,175	577,518
Operating Expenses (Note 7)	<u>338,611</u>	<u>305,905</u>
OPERATING INCOME	<u>300,564</u>	<u>271,613</u>
Other Expense		
Amortization of investment in subsidiary	-	9,376
Amortization of financing expenses	5,483	5,587
Directors' fees	850	250
Interest on long-term debt	1,683	19,053
Other (net)	<u>5,563</u>	<u>1,467</u>
	<u>13,579</u>	<u>35,733</u>
INCOME BEFORE TAXES AND EXCHANGE LOSS	<u>286,985</u>	<u>235,880</u>
Provision for income taxes		
Current	138,151	114,614
Deferred	<u>(2,073)</u>	<u>(9,700)</u>
	<u>136,078</u>	<u>104,914</u>
INCOME BEFORE EXCHANGE LOSS	150,907	130,966
Exchange loss on devaluation of U.K. currency	<u>15,634</u>	<u>-</u>
NET INCOME	135,273	130,966
Retained earnings at beginning of year	445,929	324,875
Transfer from excess of appraised value of fixed assets over cost	<u>4,442</u>	<u>4,442</u>
	585,644	460,283
Write-off of goodwill, trademarks and incorporation expenses	-	14,354
Dividends on common shares	<u>51,737</u>	<u>-</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$ 533,907</u>	<u>445,929</u>

DELTA ELECTRONICS LIMITED
CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED APRIL 30, 1968

	<u>1968</u>	<u>1967</u>
SOURCE OF FUNDS		
From operations		
Net income	\$ 135,273	130,966
Non-cash charges to operations		
Depreciation	30,144	27,929
Amortization of other assets	6,122	20,817
Deferred income taxes	<u>(2,073)</u>	<u>(9,700)</u>
Amortization of investment in subsidiary	<u>-</u>	<u>9,376</u>
	169,466	179,388
Issue of common shares	<u>300,995</u>	<u>21,722</u>
	<u>470,461</u>	<u>201,110</u>
APPLICATION OF FUNDS		
Additions to fixed assets - net	14,236	29,347
Decrease in long-term debt	297,972	3,809
Dividends on common shares	<u>51,737</u>	<u>-</u>
	<u>363,945</u>	<u>33,156</u>
INCREASE IN WORKING CAPITAL	106,516	167,954
Working capital at beginning of year	<u>669,239</u>	<u>501,285</u>
WORKING CAPITAL AT END OF YEAR	<u>\$ 775,755</u>	<u>669,239</u>

DELTA ELECTRONICS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 1968

1. BASIS OF CONSOLIDATION

The consolidated financial statements of Delta Electronics Limited include the accounts of all its operating subsidiaries.

Current assets and current liabilities of foreign subsidiaries have been converted into Canadian dollars at approximate rates of exchange in effect at April 30, 1968. Other assets and liabilities of these subsidiaries have been converted at rates of exchange in effect at the dates on which the assets were acquired or the liabilities incurred. Operating accounts have been converted at average rates of exchange in effect throughout the fiscal year.

2. FIXED ASSETS

The fixed assets are valued as follows:

- (a) Parent company - based on values determined by Cooper Appraisals Limited as at April 28, 1962 with subsequent additions at cost less retirements.
- (b) U.S. subsidiary - at cost.
- (c) U.K. subsidiary - based on values determined by the Directors as at April 30, 1965 with subsequent additions at cost less retirements.

3. LONG-TERM LEASES

The company is lessee under a lease on the building in which it operates providing for an annual rental of \$20,000 to 1983 and for payment of taxes and maintenance expenses.

The value of leases on buildings occupied by the U.K. subsidiary was determined by the Directors as at January 31, 1965 and is being amortized over the term of these leases. These leases provide for an annual rental of \$1,620 to 1980 and an average annual rental of \$1,222 to 1984 and for payment of taxes and maintenance expenses.

4. EXCESS OF COST OF SHARES IN WHOLLY-OWNED SUBSIDIARY OVER THE NET BOOK VALUE THEREOF

This amount is being amortized by a charge against income equivalent to earnings of the subsidiary in excess of a base return on the investment in such subsidiary. Earnings of the subsidiary for the year were less than the base return and, accordingly, there was no amortization in 1968.

DELTA ELECTRONICS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 1968

5. CAPITAL STOCK

- (a) During the year, 199,997 common shares were issued as follows:

- (1) 197,997 shares on conversion of \$297,000 Series "A" debentures.
- (2) 2,000 shares for a cash consideration of \$4,000 under the parent company's Employees' Incentive Stock Option Plan.

- (b) 8,000 common shares are reserved for options granted under the company's Employees' Incentive Stock Option Plan. These stock options may be exercised at the rate of 2,000 shares per year to May 31, 1972, at a price of \$2.00 per share.

6. DIVIDEND RESTRICTION

\$194,566 of consolidated retained earnings represents profits of subsidiaries which have not been remitted to Canada. Transfers of earnings from one of the subsidiary companies are subject to the approval of exchange control authorities, but permission to pay dividends is normally obtainable. Dividend payments from the subsidiary companies are subject to foreign withholding taxes. As the amount of earnings which may be remitted in the future and the withholding taxes which will be applicable thereto are not known, such taxes will be reflected in consolidated income only at the time of actual dividend remittance to the parent company.

7. DEPRECIATION

Cost of sales and operating expenses include depreciation charges in 1968 of \$30,144 (\$27,929 in 1967). Depreciation is calculated on a straight-line basis at the following rates:

Buildings and leasehold improvements - 5%

Equipment - 10%

Automotive equipment - 20%

8. REMUNERATION OF DIRECTORS

The aggregate direct remuneration paid or payable by the company and its subsidiaries to directors and senior officers of the company for the year was \$99,972.

9. CONTINGENT LIABILITIES

The U.K. subsidiary is contingently liable for goods sold on hire purchase of \$34,000 and the company for guarantee of performance bonds to a limit of \$30,000. The guarantees given by the company are secured by an indemnification contract and by promissory notes.

16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	The signatories hereto are advised that the senior officers and directors of International Systcoms Limited own or control in excess of 110,000 shares; Sydney W. Wellum, 1092 Argyle Drive, Oakville, Ontario, owns 130,501 shares. 130,000 of the said 130,501 shares are the subject matter of the agreement for change in control described in item 20 hereof.		
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.		<u>Cost</u>	<u>Market Value*</u>
	Kenmore Electronics Inc.	\$ 2,156	No market value
	K. W. Electronics Limited	177,357	No market value
	*Wholly-owned subsidiary.		
18. Brief statement of any lawsuits pending or in process against company or its properties.	None		
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	On April 4th, 1968, the Company granted an option to R. G. Shears, one of the directors of the Company, to purchase all the shares in the capital stock of the Company's subsidiary, K. W. Electronics Limited for and in consideration of \$304,675, good until September 15th, 1968.		
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	(See Schedule "A" on page 3.) (See Schedule "B" on pages 4 and 5.)		

CERTIFICATE OF THE COMPANY

DATED July 5, 1968.

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

DELTA ELECTRONICS LIMITED

"S.W. Wellum"

"R.E.G. Wilson"

CORPORATE

SEAL

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)